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Congress of the United States
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March 4, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Mnuchin:

Earlier today, you testified to the Subcommittee on Financial Services and General Government of the U.S. House of Representatives House Appropriations Committee that "internal projections" showed that Public Law 115-97 (previously known at the "Tax Cuts and Jobs Act") is boosting economic growth to such a degree that new federal tax revenues will exceed the revenues lost as a result of the tax cuts—that the tax cuts would pay for themselves. You said that this was "just math."

As Vice Chair of the U.S. Congress Joint Economic Committee, I request that you release these important internal projections immediately. They are at odds with every reputable study about the effect of Public Law 115-97 on the economy and, if your calculations are correct, they could reshape our understanding of the relationship between taxes and economic growth. It is critical that Congress have access to this potentially revolutionary research.

As you know, several non-partisan organizations have estimated the effect of the 2017 tax cuts on economic growth and tax revenue. These estimates take into account the various channels by which tax cuts could, in theory, boost economic growth such as increasing labor supply by reducing marginal tax rates on labor or increasing productivity by reducing marginal tax rates on investment.

Important examples of this research include:

- The Joint Committee on Taxation estimated in December 2017 that Public Law 115-97 would cost $1.5 trillion over 10 years without incorporating macroeconomic feedback and $1.1 trillion after incorporating macroeconomic feedback.[1]

- The Congressional Budget Office in April 2018 estimated that the tax cuts would cost $1.9 trillion both without incorporating macroeconomic feedback and after incorporating macroeconomic feedback along with debt service costs.[2]

- Private-sector forecasters such as Moody's and Goldman Sachs estimated that Public Law 115-97 would only increase GDP at the end of the ten-year budget window by less than a percentage point—well short of the amount needed for the tax cuts to pay for themselves.[3]

Data available since passage of the Public Law 115-97 further undermine the case that it will pay for itself. Total federal revenue in 2018 was $275 billion (7.6 percent) below pre-Public Law 115-97 projections.[4] If the law were already producing economic growth sufficient to pay for itself, then revenue would have stayed at least constant.

Proving the research of these institutions wrong would be real news and it would reshape every aspect of federal spending and tax policy. Given the far-reaching implications of Treasury's internal projections, it is vital that they be released to Congress and the public immediately.

Sincerely,

DON BEYER
Vice Chair, Joint Economic Committee

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[1] The Joint Committee on Taxation, "Macroeconomic Analysis of the Conference Agreement for H.R. 1, The "Tax Cuts and Jobs Act," December 22, 2017, http://www.jct.gov/publications.html?func=startdown&id=5055
[2] The Congressional Budget Office, "The Budget and Economic Outlook: 2018 to 2028," April 2018, p. 129, https://www.cbo.gov/system/files/2019-04/53651-outlook-2.pdf
[3] Ibid, p. 117.
[4] William G. Gale, "Did the 2017 tax cut—the Tax Cuts and Jobs Act—pay for itself?," The Brookings Institution, February 14, 2020, https://www.brookings.edu/policy2020/votervital/did-the-2017-tax-cut-the-tax-cuts-and-jobs-act-pay-for-itself/